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SUBJECT: GOVERNMENT MINISTER LARREA PUSHES REFORM AGENDA

Classified By: PolChief Erik Hall for reasons 1.4 (b&d)

¶1. (C) Summary: The Ambassador met with Minister of Government Gustavo Larrea on January 18 to promote continued bilateral law enforcement cooperation. Larrea, a prominent leftist critic of the U.S. in the past, and president Correa's chief political strategist and operator, was disarmingly cordial and pledged continued cooperation. He shared the government's strategy and priorities for reform, projecting the start of a constituent assembly to rewrite the constitution by September. End Summary.

#### Background

¶2. (SBU) The Ambassador, accompanied by the DCM, paid a courtesy call on Larrea in his office on January 18. The Government Ministry here is first in rank among equals in the Cabinet, and formally responsible for direction of the internal security forces. The Government Minister traditionally is also the President's chief political strategist and negotiator, and is often called upon to resolve conflicts with other authorities, including Congress and local authorities.  
Biographic Information

¶3. (SBU) Larrea is President Correa's chief political advisor, and the architect of Correa's plans to profoundly restructure the government through a constituent assembly. He led the new government's outreach with all political factions in advance of Correa's assumption of the presidency on January 15 and has continued that role post-inauguration. Larrea is not completely new to the ministry, having served as U/S in the Government Ministry in the government of Abdala Bucaram in 1996, under then-minister Frank Vargas.

¶4. (SBU) Larrea is from a politically active family on the Left. His father served under populist president Velasco Ibarra and the family lived in exile in Venezuela during the military dictatorship in the 1970s. Larrea returned to Venezuela to study law at the Catholic University Andres Bello in Caracas after graduating in sociology from Quito's Central University. Larrea counts VP Lenin Moreno as a friend since their days at Central U., where Larrea was president of the Sociology Student Association while Moreno served as president of the Business Student Association.

¶5. (SBU) As a young man Larrea joined the Revolutionary Left Movement (MIR) and was later elected to Congress for the now-defunct Ecuadorian Popular Revolutionary Action (APRE)

party, chairing the International Affairs Committee of Congress and visiting Washington. Larrea later served as a Latin American Parliamentarian, based in Sao Paulo. Larrea's brother, Marcelo, ran unsuccessfully for president in 2006 for the Bolivarian party. Larrea has said he supported Correa over his brother because Marcelo had no realistic chance of winning. Larrea's recent experience is as Ecuador director of the regional Latin American Human Rights Association (ALDHU), where he was a vocal critic of USG-related efforts (e.g. Plan Colombia, boarding Ecuadorian-flagged narco-boats, which occasionally sunk or were scuttled, and Colombian fumigation of coca crops near the Ecuadorian border).

#### Police Reform and Cooperation

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¶16. (C) Larrea opened the discussion describing his plans to overhaul the National Police. To do so, he said, would require drafting sweeping reform legislation changing what he described as an antiquated police structure "appropriate to the 17th century" to permit greater emphasis on community policing, crime prevention, and 21st century technological forensic capacity. The ministry itself should eventually be split into two, Larrea said, separating the political function from that of internal security administration, including disaster management. Correa's appointee as Chief of National Police, Carlos Calahorrano, would be temporary, Larrea said, and the entire police senior leadership would eventually be replaced. (Press on January 19 reported that all of the top 18 police generals have been asked for their resignations; no decision has been announced on whether any from that group will be retained.)

¶17. (C) The Ambassador described ongoing USG support to the national police through specialized units to combat narcotics trafficking, alien smuggling and trafficking in persons. We hope to continue that support and offer new cooperation with the incipient Financial Investigation Unit to combat money laundering. Larrea responded that all USG support was appreciated, and said the Correa government would put special focus on combating money laundering and fighting corruption. He said they would establish a new specialized unit to combat corruption.

#### Political Reform Agenda

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¶18. (C) Larrea used Correa's words to describe to the Ambassador the Government's political mandate to accomplish a change agenda at the lowest social cost and least violence." He evinced pride at having "avoided the train wreck" with Congress over the Constituent Assembly referendum. His current goal was to make the Assembly selection and functioning as transparent as possible. Toward that end, the GOE had requested assistance from the UN, OAS, Carter Center and European Parliament, he said. The process would develop in phases, starting with the March 18 referendum, followed by a 45-60 day period for registration of assembly candidates, and then a 45 day campaign period. Larrea expected the new assembly to be installed by September, and run for six months. Once the new constitution is drafted, it would be submitted to the people to approve by referendum.

¶19. (C) Larrea said Correa's Alianza PAIS movement would submit a list of its candidates for the assembly, but estimated that it would only be possible to win 30-32 of the 87 assembly seats. The government would not submit a draft constitution to the assembly but would seek to use its members to guide the assembly's debate towards its priorities, which include banking and credit reform (channeling investment towards production and offering subsidized microcredit), health and education reform (including universal health care by right), "de-corporatizing" the state (including de-politicizing the selection process for key democratic institutions including the electoral tribunal and the constitutional court), and

fighting corruption through greater transparency and accountability (including recall procedures for all elected officials).

¶10. (C) Asked by the DCM how the Correa government would manage high expectations for dramatic change, Larrea replied that the government's initial actions (issuing decrees on the assembly, Correa's pay cut, the doubling of handouts to the poor starting in February) were selected to show that change is already occurring and to keep faith with Correa's base. Asked if the Government would propose any reforms to the current Congress, Larrea said it would, including the police reform law he previously referred to; a tax reform law to lower the value added tax from 12 to 10 percent, and stiffen penalties for tax cheats; and a new mining law (note: presumably to raise government royalties on extracted minerals).

Comment  
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¶11. (C) Larrea's relaxed and cordial demeanor belied his past criticism of USG-related efforts in his capacity as human rights activist. His initial success in clearing away political opposition blocking an assembly was impressive, and his adroitness will now likely be tested again on the issue of Congress' appointment on the same day as this meeting of a new Attorney General opposed by Correa. Correa announced from the MERCOSUR meetings in Rio de Janeiro that the GOE would not let the appointment of discredited judge Francisco Cudalon stand, on procedural grounds, and Larrea will likely be charged with designing the strategy to block it. We will try to stay out of that internal contest. We are encouraged by Larrea's initial signals of openness, as well as his professed approval of continued USG support of existing specialized police units; we will carefully monitor our ongoing bilateral law enforcement cooperation for signs of backsliding.  
JEWELL